
By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 16, 2002

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: March 12, 2002

CHAPTER _____

1 AN ACT concerning

2 **Task Force to Study the State's Retiree Health Insurance Liabilities**

3 FOR the purpose of establishing a Task Force to Study the State's Retiree Health
4 Insurance Liabilities; providing for the membership, chairman, duties, and
5 staffing of the Task Force; requiring the Task Force to report to the Governor
6 and the General Assembly on its findings; and generally relating to the
7 establishment of a Task Force to Study the State's Retiree Health Insurance
8 Liabilities.

9 **Preamble**

10 WHEREAS, Maryland, like the majority of states around the country, partially
11 subsidizes the health insurance premiums for retired State employees, and currently
12 funds this subsidy on a "pay-as-you-go" basis; and

13 WHEREAS, This subsidy will grow dramatically in the future due to the
14 growing number of State retirees and the escalation in health care costs; and

15 WHEREAS, The unfunded liabilities associated with this subsidy are informally
16 estimated at \$3 billion; and

17 WHEREAS, To address these growing costs a growing minority of states have
18 begun to prefund these liabilities; and

19 WHEREAS, Maryland currently has a fully funded pension system; and

20 WHEREAS, It is important that plans be made to ensure adequate funding for
21 the State's subsidy of retiree health insurance; now, therefore,

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That:

3 (a) There is a Task Force to Study the State's Retiree Health Insurance
4 Liabilities.

5 (b) The Task Force shall consist of the following members:

6 (1) three members from the House of Delegates, appointed by the
7 Speaker of the House; and

8 (2) three members from the Senate, appointed by the President of the
9 Senate.

10 (c) The President of the Senate and the Speaker of the House of Delegates
11 shall jointly designate the Chairman of the Task Force.

12 (d) The Task Force shall:

13 (1) review the report prepared by the Department of Legislative
14 Services, included in the Joint Committee on Pensions Report of the 2000 Interim,
15 which included a survey of the various approaches other states have taken with
16 regard to the issue of retiree health care;

17 (2) review different approaches which address the issue of retiree health
18 care for the State and that would meet the State's needs and fiscal resources;

19 (3) commission an actuarial valuation of the liabilities associated with
20 the retiree health insurance subsidy, with the costs of the valuation to be borne by the
21 State Retirement and Pension System; and

22 (4) develop options and a recommendation to address this issue by the
23 start of the General Assembly's 2003 session, and evaluate the costs associated with
24 each option.

25 (e) The Task Force shall be staffed by personnel from the Department of
26 Legislative Services, and notice of each meeting of the Task Force shall be made
27 public by delivering a copy of the meeting notice to the Legislative Information
28 Officer, Room B-6, Department of Legislative Services, Legislative Services Building,
29 90 State Circle, Annapolis, Maryland 21401-1991, at least 10 days before any
30 scheduled meeting of the Task Force.

31 (f) The Task Force shall issue a final report of its findings and
32 recommendations to the Governor and, subject to § 2-1246 of the State Government
33 Article, to the General Assembly by January 7, 2003.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 July 1, 2002.

